

Results for announcement to the market

Full Year Ended 30 June 2009

			\$000
Revenues from ordinary activities	Down	6.6% to	419,096
Profit from ordinary activities after tax attributable to members	Down	to	(1,416)
Net profit for the period attributable to members	Down	to	(1,416)

Dividends (distributions)

	<u>Amount per security</u>	<u>Franked amount per security</u>
Final dividend ¹	-	-
Date the dividend is payable	N/A	N/A
Record date for determining entitlements to the dividend	N/A	N/A
If it is a final dividend, has it been declared?	N/A	N/A

¹ On 3 July 2009, the Directors of the Company declared a fully franked dividend of 5 cents per share. The dividend will be paid on 25 September 2009 with a record date of 8 September 2009.

Amount of dividend per security

		<u>Amount per security</u>	<u>Franked amount per security at 30% tax</u>
Final dividend	current year	-	-
	previous year	-	-
Interim dividend	current year	-	-
	previous year	-	-
Total dividend	current year	-	-
	previous year	-	-

Dividend reinvestment plan

The Company has re-activated the Dividend Reinvestment Plan (DRP) for the dividend to be paid on 25 September 2009.

Net Tangible Assets Per Security

As at 30 June 2009	\$3.30
As at 30 June 2008	\$3.24

For an explanation of the figures reported above see the attached commentary.

The attached financial statements and Directors' declaration have been audited.

Annual general meeting

The annual general meeting will be held as follows:

Place

Group Office
Coventry Group Ltd
525 Great Eastern Hwy
Redcliffe, WA

Date

Friday, 30 October 2009

Time

3.00pm

Approximate date the annual report will be available

Friday, 25 September 2009

**Coventry Group Ltd
and its controlled entities**

ABN 37 008 670 102

**Financial Report
30 June 2009**

Coventry Group Ltd and its controlled entities

Income statements

For the year ended 30 June 2009

		Consolidated		The Company	
	Note	2009	2008	2009	2008
In thousands of AUD					
Continuing operations					
Revenue from sale of goods		419,096	448,795	385,110	409,164
Cost of sales		(253,722)	(273,678)	(235,863)	(252,750)
Gross profit		165,374	175,117	149,247	156,414
Other revenue		2,357	2,075	2,002	1,828
Other income	3	11,226	6,833	11,250	6,864
Employee benefits expense	6	(97,537)	(103,752)	(90,714)	(96,206)
Depreciation and amortisation expenses		(3,841)	(5,337)	(3,496)	(4,913)
Occupancy costs		(11,840)	(10,920)	(10,683)	(9,800)
Communication costs		(3,294)	(3,578)	(2,972)	(3,218)
Freight		(9,297)	(10,437)	(8,372)	(9,410)
Impairment	17	(6,880)	-	(6,182)	-
Other expenses		(39,544)	(38,754)	(35,931)	(35,385)
Profit before financing costs		6,724	11,247	4,149	6,174
Financial income	7	403	818	7,293	3,023
Financial expenses	7	(3,516)	(5,067)	(3,286)	(4,739)
Net financing (costs)/income		(3,113)	(4,249)	4,007	(1,716)
Profit before tax		3,611	6,998	8,156	4,458
Income tax expense	8	(2,790)	(1,443)	(2,039)	(50)
Profit from continuing operations for the year		821	5,555	6,117	4,408
Discontinued operation					
(Loss)/profit from discontinued operations (net of income tax)	26	(1,826)	1,366	(1,826)	1,366
(Loss)/profit for the year		(1,005)	6,921	4,291	5,774
Attributable to:					
Equity holders of the Company		(1,416)	6,522	4,291	5,774
Minority interest		411	399	-	-
(Loss)/profit for the year		(1,005)	6,921	4,291	5,774
Earnings per share:					
Basic (loss)/earnings per share:	9	(3.6) cents	16.6 cents		
Diluted (loss)/earnings per share:	9	(3.6) cents	16.2 cents		
Continuing operations					
Basic earnings per share:		1.0 cents	13.1 cents		
Diluted earnings per share:		1.0 cents	12.8 cents		

The income statements are to be read in conjunction with the accompanying notes to the financial statements.

Coventry Group Ltd and its controlled entities

Statements of changes in equity

For the year ended 30 June 2009

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2009	2008	2009	2008
Total equity at the beginning of the financial year		172,892	168,083	163,854	157,764
Changes in the fair value of cash flow hedges		(1,445)	263	(1,445)	263
Exchange differences on translation of foreign operations		246	(2,002)	-	-
Net income recognised directly in equity		(1,199)	(1,739)	(1,445)	263
(Loss)/profit for the year		(1,005)	6,921	4,291	5,774
Total recognised income and expense for the year	23	(2,204)	5,182	2,846	6,037
Transactions with equity holders in their capacity as equity holders					
Changes in value of share based payments reserve		54	53	54	53
Dividends paid to minority interests in controlled entities		(358)	(426)	-	-
		(304)	(373)	54	53
Total equity at the end of the financial year	23	170,384	172,892	166,754	163,854
Total recognised income and expense for the year is attributable to:					
Equity holders of the Company		(2,615)	4,855	2,846	6,037
Minority interest		411	327	-	-
		(2,204)	5,182	2,846	6,037

The statements of changes in equity are to be read in conjunction with the accompanying notes to the financial statements.

Coventry Group Ltd and its controlled entities

Balance sheets

As at 30 June 2009

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2009	2008	2009	2008
Assets					
Cash and cash equivalents	10	5,071	3,294	2,446	396
Trade and other receivables	11	64,099	87,351	74,165	90,925
Inventories	12	91,419	96,666	79,487	85,576
Income tax receivable	13	802	2,417	504	2,365
Total current assets		161,391	189,728	156,602	179,262
Investments	14	-	-	9,542	9,542
Deferred tax assets	15	14,042	14,638	13,021	13,484
Property, plant and equipment	16	28,850	35,795	25,397	32,231
Intangible assets	17	37,668	42,678	28,196	32,663
Derivatives asset		-	1,271	-	1,271
Total non-current assets		80,560	94,382	76,156	89,191
Total assets		241,951	284,110	232,758	268,453
Liabilities					
Trade and other payables	18	35,444	46,564	33,277	44,208
Interest-bearing loans and borrowings	19	-	49,053	-	46,000
Employee benefits	20	10,620	10,881	9,657	9,940
Income tax payable	13	220	251	-	-
Provisions	22	887	2,177	887	2,177
Total current liabilities		47,171	108,926	43,821	102,325
Interest-bearing loans and borrowings	19	20,213	-	18,000	-
Employee benefits	20	2,034	2,292	2,034	2,274
Derivatives liability		893	-	893	-
Provisions	22	1,256	-	1,256	-
Total non-current liabilities		24,396	2,292	22,183	2,274
Total liabilities		71,567	111,218	66,004	104,599
Net assets		170,384	172,892	166,754	163,854
Equity					
Issued capital	23	112,676	112,676	112,676	112,676
Reserves	23	23,367	23,582	24,625	25,086
Retained earnings	23	31,631	33,977	29,453	26,092
Total equity attributable to equity holders of the Company		167,674	170,235	166,754	163,854
Minority interest		2,710	2,657	-	-
Total equity		170,384	172,892	166,754	163,854

The balance sheets are to be read in conjunction with the accompanying notes to the financial statements.

Coventry Group Ltd and its controlled entities

Statements of cash flows

For the year ended 30 June 2009

<i>In thousands of AUD</i>		Consolidated		The Company	
	Note	2009	2008	2009	2008
Cash flows from operating activities					
Cash receipts from customers		498,053	547,597	458,096	502,099
Cash paid to suppliers and employees		(477,142)	(529,231)	(441,353)	(488,341)
Cash generated from operations		20,911	18,366	16,743	13,758
Interest paid		(3,203)	(4,153)	(2,973)	(3,825)
Income taxes received/(paid)		766	(2,447)	1,760	(1,284)
Net cash from operating activities	28	18,474	11,766	15,530	8,649
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		16,696	18,179	16,655	18,161
Proceeds from sale of business		-	8,114	-	8,114
Interest received		103	313	1,025	902
Dividends received		-	-	943	1,784
Acquisition of business, net of cash acquired		(80)	(712)	(80)	(712)
Acquisition of property, plant and equipment	16	(981)	(3,295)	(697)	(3,125)
Acquisition of intangible assets	17	(3,192)	(5,034)	(3,182)	(5,022)
Loans to controlled entities		-	-	(1,021)	(764)
Repayment of loans to controlled entities		-	-	877	-
Net cash from investing activities		12,546	17,565	14,520	19,338
Cash flows from financing activities					
Proceeds from borrowings		7,000	13,000	7,000	13,000
Repayment of borrowings		(35,885)	(36,198)	(35,000)	(36,000)
Dividends paid to outside equity interests	23	(358)	(426)	-	-
Net cash used in financing activities		(29,243)	(23,624)	(28,000)	(23,000)
Net increase in cash and cash equivalents		1,777	5,707	2,050	4,987
Cash and cash equivalents at 1 July		3,294	(2,413)	396	(4,591)
Cash and cash equivalents at 30 June	10	5,071	3,294	2,446	396

The statements of cash flows are to be read in conjunction with the accompanying notes to the financial statements.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies

Coventry Group Ltd (the "Company") is a company domiciled in Australia. The address of the Company's registered office is at 525 Great Eastern Highway Redcliffe WA 6104 Australia. The consolidated financial report of the Company for the financial year ended 30 June 2009 comprises the Company and its controlled entities (together referred to as the "Group").

The financial report was authorised for issue by the directors on 28 August 2009.

(a) Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

(b) Basis of preparation

The financial report is presented in Australian dollars. The financial report is prepared on the historical cost basis except that derivative financial instruments and share based payments are stated at their fair value.

The Company is of a kind referred to in ASIC Class Order ('CO') 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2007) and in accordance with that, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(b) Basis of preparation (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report, and estimates with a significant risk of material adjustment in the next year, are discussed in note 1(x).

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report.

(c) Basis of consolidation

Controlled entities

Controlled entities are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in controlled entities are carried at their cost of acquisition in the Company's financial statements, net of impairment writedowns.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign currency differences are recognised directly in the translation reserve.

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges, are taken to the translation reserve. They are released into the income statement upon disposal.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(e) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from operating, financing and investing activities. In accordance with its treasury policy, the Group does not hold or use derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy 1(f)).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

(f) Hedging

On entering into a hedging relationship, the Group formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecasted transaction subsequently results in the recognition of a non financial asset or non financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non financial asset or liability.

If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss e.g. when interest income or expense is recognised.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(f) Hedging (continued)

For cash flow hedges, other than those covered by the preceding two paragraphs, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Hedge of monetary assets and liabilities

When a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognised in the income statement.

When an anticipated transaction is no longer expected to occur as designated, the deferred gains or losses relating to the hedge transaction are recognised immediately in the income statement.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, the deferred gains or losses that arose on the hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale or interest transaction when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur as designated, deferred gains or losses that arose on the hedge prior to its termination are included in the income statement for the period.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

An impairment allowance is made for obsolete, damaged and slow moving inventories. Impairment allowances are estimated by analysing the aging and stock holding by reference to the age of the individual inventory item or the estimated time taken to sell that inventory item. Varying percentages are applied to the determined profile to estimate the allowance for impairment.

(i) Trade and other receivables

Trade and other receivables are stated at amortised cost less impairment losses.

(j) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. The cost of acquired assets includes:

- (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and
- (ii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2004, the date of transition to AIFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of property plant and equipment have different useful lives they are accounted for as separate items of property, plant and equipment.

Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. The Group does not have any finance leases. Other leases are classified as operating leases.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(j) Property, plant and equipment (continued)

Depreciation

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The depreciation rates used for each class of depreciable assets for the current and comparative periods are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
- Plant and Equipment	5% - 40%
- Buildings	2%

Where appropriate, the residual value and useful life are reassessed at least annually.

Disposal

The gain or loss on the disposal of property, plant and equipment is recognised on a net basis and is included in other income or other expenses.

(k) Intangible assets

Goodwill

Business combinations prior to 1 July 2004

Goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous Generally Accepted Accounting Principles (GAAP). The classification and accounting treatment of business combinations that occurred prior to 1 July 2004 has not been reconsidered in preparing the Group's opening AIFRS balance sheet at 1 July 2004.

Business combinations since 1 July 2004

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested for impairment at each balance date.

Negative goodwill arising on acquisition is recognised directly in profit or loss.

Computer software

Computer software comprises licence costs and direct costs incurred in preparing for the operation of that software, including associated process re-engineering costs, and is stated at cost less accumulated amortisation and impairment losses.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(k) Intangible assets (continued)

Research and development

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation of intangibles

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill is systematically tested for impairment at each balance sheet date or earlier when a trigger event exists. Other intangible assets are amortised from the date that they are available for use. In the current and comparative periods, goodwill was estimated to have an indefinite useful life, distribution rights were estimated to have a useful life of 10 years and computer software was estimated to have a useful life of 3 to 12 years.

(l) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(l) Impairment (continued)

Non financial assets

The carrying amounts of the Group's non financial assets are reviewed at each reporting date to determine if there is any indication of impairment. If any indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have infinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash generating unit is the greater of the value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amounts of any goodwill allocated to the units and then to reduce the carrying amount to the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exist. An impairment is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are stated at amortised cost less any impairment losses with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(n) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. These benefits include wages and salaries, annual leave and long service leave. Sick leave is non vesting and has not been provided for. Employee benefits expected to be settled within one year have been measured at the undiscounted amounts expected to be paid when the liabilities are settled including related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits including related on-costs.

The Group makes contributions to accumulation style superannuation funds for its employees. These contributions are charged through the income statement.

A liability is recognised for short term incentive plans. The calculation is based on the achievement of annually agreed key performance indicators by eligible employees.

The long term incentive plan allows specified employees to acquire shares of the Company subject to the achievement of internal and external performance hurdles. The fair value of shares granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the shares. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest, and for those shares subject to internal performance hurdles, the probability of achieving those hurdles as at the reporting date. The value of shares that are yet to vest are recorded in a share based payments reserve and transferred to share capital once vested. The fair value of the shares granted is measured based on the Black-Scholes or binomial formula, taking into account the terms and conditions upon which the shares were granted.

Also included in the long term incentive plan is options granted to directors and key management personnel. The grant date fair value of options granted is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

(o) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Material provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Warranties

Provisions for warranty claims are made for claims received and claims expected to be received in relation to sales made prior to reporting date, based on historical claim rates, adjusted for specific information arising from internal quality assurance processes.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Make good

Provision for make good in respect of leased properties is recognised based on the estimated cost to be incurred to restore premises to the required condition under the relevant lease agreements.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(p) Trade and other payables

Trade and other payables are stated at amortised cost.

Trade payables are non interest bearing and are normally settled within 60 day terms.

(q) Revenue

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns, rebates and goods and services tax payable to the taxation authority.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Rental income is recognised in the income statement on a straight line basis over the term of the lease.

(r) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

(s) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, dividend income, foreign currency gains and losses and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy 1(f)). Borrowing costs are expensed as incurred and included in net financing costs.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Foreign currency gains and losses are reported on a net basis.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(u) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(u) Income tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 November 2002 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Coventry Group Ltd.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the controlled entities is assumed by the head entity in the tax consolidated group and recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(v) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(w) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and rights granted to employees.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(x) Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 1(h) – significant accounting policies – inventories
- Note 1(u) – significant accounting policies – income tax
- Note 17 – measurement of the recoverable amount of cash generating units containing goodwill
- Note 24 – allowance for trade receivable impairment losses

(y) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

(z) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

- Revised AASB 3 *Business Combinations (2008)* incorporates the following changes that are likely to be relevant to the Group's operations:
 - The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations
 - Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss
 - Transaction costs, other than share and debt issue costs, will be expensed as incurred
 - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss
 - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised AASB 3, which becomes mandatory for the Group's 30 June 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statement.

- Amended AASB 127 *Consolidated and Separate Financial Statements (2008)* requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Group's 30 June 2010 financial statements are not expected to have a significant impact on the consolidated financial statements.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(z) New standards and interpretations not yet adopted (continued)

- AASB 8 *Operating Segments* introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Group's 30 June 2010 financial statements, will require a change in the presentation on and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Financial Officer in order to assess each segment's performance and to allocated resources to them. Currently the Group presents segment information in respect of its business segments (see note 2). The Group has not yet determined how the segment note will be presented under this new accounting standard.
- Revised AASB 101 *Presentation of Financial Statements (2007)* introduces the term total comprehensive income, which represents changes in equity during a period rather than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Group's 30 June 2010 financial statements, is expected to have significant impact on the presentation of the consolidated financial statements. The Group has not yet determined how the statement of comprehensive income will be presented under this new accounting standard.
- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 30 June 2010 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. There will be no impact on prior periods in the Group's 30 June 2010 financial statements.
- AASB 2008-1 *Amendments to Australian Accounting Standard – Share Based Payment: Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to AASB 2 will be mandatory for the Group's 30 June 2010 financial statements, with retrospective application. The Group has not yet determined the potential effect of the amendment.
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Process* and 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.
- AASB 2008-7 *Amendments to Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* changes the recognition and measurement dividend receipts as income and addresses the accounting of a newly formed parent entity in the separate financial statements. The amendments become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the amendments.
- AASB 2008-8 *Amendments to Australian Accounting Standard – Eligible Hedged Items* clarifies the effect of using options as hedging instruments and the circumstances in which inflation risk can be hedged. The amendments become mandatory for the Group's 30 June 2010 financial statements, with retrospective application. The Group has not yet determined the potential effect of the amendment.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

2. Segment reporting

Segment information is presented in respect of the Group's business segments. The format is consistent with the Group's management and internal reporting structure.

Inter segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

- Automotive Parts Distribution
- Industrial Products Distribution
- Gasket Manufacturing

The Group operates primarily in one geographical segment, being Australia.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

2. Segment reporting (continued)

Industry Segments	Automotive parts distribution		Industrial products distribution		Discontinued operations		Gasket manufacturing		Eliminations		Consolidated		Less Discontinued Operations		Continuing Operations	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
<i>In thousands of AUD</i>																
Sales to customers outside the consolidated entity	162,555	167,272	245,460	270,772	-	34,020	11,081	10,751	-	-	419,096	482,815	-	34,020	419,096	448,795
Inter segment sales	174	419	372	522	-	-	590	808	(1,136)	(1,749)	-	-	-	-	-	-
Other revenue	585	579	1,288	1,398	-	120	163	-	-	-	2,036	2,097	-	120	2,036	1,977
Segment revenue	163,314	168,270	247,120	272,692	-	34,140	11,834	11,559	(1,136)	(1,749)	421,132	484,912	-	34,140	421,132	450,772
Unallocated Corporate Revenue											321	98	-	-	321	98
Total segment revenue											421,453	485,010	-	34,140	421,453	450,870
Segment result	(5,259)	(15,419)	1,010	20,739	(2,609)	(4,191)	2,065	1,951	-	-	(4,793)	3,080	(2,609)	(4,191)	(2,184)	7,271
Unallocated net corporate revenue/(expense)											8,908	3,976	-	-	8,908	3,976
Results from Operating Activities											4,115	7,056	(2,609)	(4,191)	6,724	11,247
Net financing costs											(3,113)	(4,249)	-	-	(3,113)	(4,249)
Results from Operating activities before tax											1,002	2,807	(2,609)	(4,191)	3,611	6,998
Income tax (expense)/benefit											(2,007)	(186)	783	1,257	(2,790)	(1,443)
Gain on sale of discontinued operations (net of income tax)											-	4,300	-	4,300	-	-
(Loss)/profit for the year											(1,005)	6,921	(1,826)	1,366	821	5,555
Segment assets	68,895	77,115	116,425	142,008	-	-	11,105	10,322	-	1,384	196,425	230,829				
Unallocated corporate assets											45,526	53,281				
Total assets											241,951	284,110				
Segment liabilities	19,128	23,545	24,978	31,276	-	-	1,249	1,404	-	1,384	45,355	57,609				
Unallocated corporate liabilities											26,212	53,609				
Total liabilities											71,567	111,218				

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

2. Segment reporting (continued)

Industry Segments	Automotive parts distribution		Industrial products distribution		Discontinued operations		Gasket manufacturing		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
<i>In thousands of AUD</i>												
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	47	1,487	499	1,430	-	-	268	138	-	-	814	3,055
Unallocated corporate acquisition of non-current assets											3,439	5,483
Total acquisition of property, plant and equipment, intangibles and other non-current assets											4,253	8,538
Segment depreciation and amortisation expense	783	1,783	892	1,750	-	-	231	257	-	-	1,906	3,790
Unallocated net corporate depreciation and amortisation expense											1,935	2,015
Total depreciation and amortisation expense											3,841	5,805
Segment other non-cash expenses	(2,747)	2,453	2,286	(400)	-	-	(36)	11	-	-	(497)	2,064
Unallocated corporate non-cash expenses											(414)	42
Total other non-cash expenses											(911)	2,106
Individually material items included in net profit before interest and tax:												
Relocation costs	-	(3,093)	-	(8)	-	-	-	-	-	-	-	(3,101)
Unallocated corporate relocation costs												(246)
Redundancy	(552)	-	(539)	-	-	-	-	-	-	-	(1,091)	-
Unallocated corporate redundancy											(86)	-
Increase in provision	-	-	-	-	-	-	-	-	-	-	(4,510)	(4,179)
Restructuring costs	(1,886)	(3,679)	(2,624)	(500)	-	(1,543)	-	-	-	-	(2,609)	(1,543)
Unallocated restructuring costs											-	(409)
Unallocated net gain on sale of land and buildings	-	-	-	-	-	-	-	-	-	-	11,337	6,962
Impairment loss on goodwill on industrial parts distribution business	-	-	(6,880)	-	-	-	-	-	-	-	(6,880)	-
	(2,438)	(6,772)	(10,043)	(508)	(2,609)	(1,543)	-	-	-	-	(3,839)	(2,516)

Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements

3. Other income

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Net gain on disposal of property, plant and equipment	11,039	6,737	11,072	6,768
Other income	187	96	178	96
	<u>11,226</u>	<u>6,833</u>	<u>11,250</u>	<u>6,864</u>

4. Individually material items included in income statement
Continuing operations

<i>In thousands of AUD</i>	Note	Consolidated		The Company	
		2009	2008	2009	2008
Impairment loss on goodwill	17	(6,880)	-	(6,182)	-
Net gain on sale of land & buildings		11,337	6,962	11,337	6,962
Redundancy		(1,177)	-	(1,156)	-
Relocation costs		-	(3,347)	-	(3,347)
Restructuring costs		-	(409)	-	(409)
Additional increase in provisions ⁽ⁱ⁾		(4,510)	(4,179)	(4,323)	(4,179)
		<u>(1,230)</u>	<u>(973)</u>	<u>(324)</u>	<u>(973)</u>

Discontinued operations

<i>In thousands of AUD</i>	Note	Consolidated		The Company	
		2009	2008	2009	2008
Net gain on sale of business	26	-	1,505	-	1,505
Restructuring costs	26	(2,609)	(1,543)	(2,609)	(1,543)
		<u>(2,609)</u>	<u>(38)</u>	<u>(2,609)</u>	<u>(38)</u>

⁽ⁱ⁾ For the Group, it includes increase in stock provision \$2,964,000 (2008: \$4,179,000), increase in doubtful debt provision \$2,041,000 (2008: \$nil), and decrease in miscellaneous provisions \$495,000 (2008: \$nil). For the Company, it includes increase in stock provision \$2,964,000 (2008: \$4,179,000), increase in doubtful debt provision \$1,854,000 (2008: \$nil), and decrease in miscellaneous provisions \$495,000 (2008: \$nil).

Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements

5. Auditors' remuneration

<i>In AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Audit services				
Auditors of the Company				
<i>KPMG Australia:</i>				
Audit and review of financial reports	260,600	262,683	246,200	248,650
<i>KPMG New Zealand:</i>				
Audit and review of financial reports	34,985	49,317	-	-
Other services				
Auditors of the Company				
<i>KPMG:</i>				
Project assurance services	31,041	-	31,041	-
Tax services	18,000	-	-	-
	49,041	-	31,041	-

6. Personnel expenses

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Wages and salaries	79,809	86,781	73,886	80,242
Redundancy	1,177	-	1,156	-
Other associated personnel expenses	1,417	1,732	1,213	1,493
Contributions to superannuation funds	7,042	7,046	6,808	6,820
Liability for annual leave and long service leave	8,092	8,193	7,651	7,651
	97,537	103,752	90,714	96,206

7. Net financing costs

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Interest income from controlled entities	-	-	1,021	764
Interest income from other entities	103	313	4	138
Net foreign exchange gain	300	505	134	337
Dividends from controlled entities	-	-	6,134	1,784
Financial income	403	818	7,293	3,023
Interest expense	3,299	5,050	3,069	4,722
Net change in fair value of financial assets at fair value through profit or loss	16	-	16	-
Ineffective portion of changes in fair value of cash flow hedges	201	17	201	17
Financial expenses	3,516	5,067	3,286	4,739
Net financing costs/(income)	3,113	4,249	(4,007)	1,716

Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements

8. Income tax expense

Recognised in the income statement

In thousands of AUD	Note	Consolidated		The Company	
		2009	2008	2009	2008
Current tax expense					
Current year		869	1,326	148	-
Adjustments for prior years		57	-	56	-
		926	1,326	204	-
Deferred tax expense					
Origination and reversal of temporary differences		1,078	(93)	1,052	(89)
Exchange rate movements on temporary differences brought forward		23	48	-	-
Effect of tax rates applicable to foreign controlled entity		(20)	23	-	-
Recognition of income tax losses		-	(1,118)	-	(1,118)
		1,081	(1,140)	1,052	(1,207)
Income tax expense/(benefit) excluding tax on sale of discontinued operation		2,007	186	1,256	(1,207)
Income tax expense from continuing operations		2,790	1,443	2,039	50
Income tax benefit from discontinued operations (excluding gain on sale)	26	(783)	(1,257)	(783)	(1,257)
		2,007	186	1,256	(1,207)
Income tax benefit on capital loss on sale of discontinued operations	26	-	(2,795)	-	(2,795)
Total income tax expense/(benefit) in income statement		2,007	(2,609)	1,256	(4,002)

Numerical reconciliation between tax expense and pre-tax net profit

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
(Loss)/profit for the period	(1,005)	6,921	4,291	5,774
Total income tax expense/(benefit)	2,007	(2,609)	1,256	(4,002)
Profit excluding income tax	<u>1,002</u>	<u>4,312</u>	<u>5,547</u>	<u>1,772</u>
Income tax using the Company's domestic tax rate of 30% (2008: 30%)				
	301	1,295	1,665	532
Non-deductible/(deductible) expenditure	125	(481)	82	(513)
Income loss on sale of assets	-	(254)	-	(254)
Capital loss on sale of assets	(663)	(3,260)	(663)	(3,260)
Non-deductible impairment loss	2,064	-	1,855	-
Under provision in prior periods	57	28	56	28
Withholding tax non rebatable	102	-	102	-
Effect of higher tax rate applicable to foreign controlled entity	21	63	-	-
Rebatable dividends	-	-	(283)	(337)
Non-assessable dividends	-	-	(1,558)	(198)
	<u>2,007</u>	<u>(2,609)</u>	<u>1,256</u>	<u>(4,002)</u>

Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements

8. Income tax expense (continued)

Income tax recognised directly in equity

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated		The Company	
		2009	2008	2009	2008
Derivatives		(589)	114	(589)	114
Translation reserve		107	(827)	-	-
Total income tax recognised directly in equity	15	(482)	(713)	(589)	114

9. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2009 was based on the loss attributable to ordinary shareholders of \$1,416,000 (2008: profit \$6,522,000) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2009 of 39,406,000 (2008: 39,406,000), calculated as follows:

Profit/(loss) attributable to ordinary shareholders

<i>In thousands of AUD</i>	Consolidated					
	2009			2008		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit/(loss) for the year	410	(1,826)	(1,416)	5,156	1,366	6,522
Profit/(loss) attributable to ordinary shareholders	410	(1,826)	(1,416)	5,156	1,366	6,522

Weighted average number of ordinary shares

<i>In thousands of shares</i>	<i>Note</i>	2009	2008
Issued ordinary shares at 1 July	23	39,406	39,406
Weighted average number of ordinary shares at 30 June		39,406	39,406

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2009 was based on loss attributable to ordinary shareholders of \$1,416,000 (2008: profit \$6,522,000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of nil (2008: 942,000) as follows:

Weighted average number of ordinary shares (diluted)

<i>In thousands of shares</i>	<i>Note</i>	2009	2008
Weighted average number of ordinary shares at 30 June (basic)		39,406	39,406
Effect of share rights on issue related to long term incentive plan		-	62
Effect of share options on issue	21	-	880
Weighted average number of ordinary shares (diluted) at 30 June		39,406	40,348

Earnings per share

Basic (loss)/earnings per share	(3.6) cents	16.6 cents
Diluted (loss)/earnings per share	(3.6) cents	16.2 cents

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

10. Cash and cash equivalents

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Cash on hand	99	60	93	53
Bank balances	4,304	2,252	2,306	296
Call deposits	668	982	47	47
Cash and cash equivalents	5,071	3,294	2,446	396
Cash and cash equivalents in the statement of cash flows	5,071	3,294	2,446	396

The Group has a bank overdraft facility as disclosed at note 19, of which nil was drawn down at 30 June 2009.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 24.

11. Trade and other receivables

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Trade receivables	61,172	82,844	55,960	76,346
	61,172	82,844	55,960	76,346
Other receivables	1,081	1,390	1,021	1,362
Prepayments	1,846	3,117	1,781	3,046
	2,927	4,507	2,802	4,408
Receivables due from controlled entities	-	-	15,403	10,171
	64,099	87,351	74,165	90,925

The Group's exposure to credit risks and impairment losses related to trade and other receivables are disclosed in note 24. Included in "other expenses" in the income statement is impairment losses on trade receivables for the Group of \$3,473,000 (2008: \$1,019,000) and for the Company of \$3,166,000 (2008: \$947,000). The Group's impairment losses include additional increase in provision of \$2,041,000 (2008: nil) and for the Company: \$1,854,000 (2008: nil) which is considered material as disclosed in note 4.

12. Inventories

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Finished goods	91,419	96,666	79,487	85,576
	91,419	96,666	79,487	85,576

During the year ended 30 June 2009 the write-down of inventories to net realisable value, recognised in "other expenses", amounted to \$4,712,000 (2008: \$4,941,000) for the Group and \$4,509,000 (2008: \$4,858,000) for the Company. The Group and the Company write-down of inventories to net realisable value includes additional increase in provision of \$2,964,000 (2008: \$4,179,000) which is considered material as disclosed in note 4.

13. Current tax assets and liabilities

The current tax asset for the Group of \$802,000 (2008: \$2,417,000) and for the Company of \$504,000 (2008: \$2,365,000) represent the amount of income taxes recoverable in respect of the current and prior financial periods and that arise from the payment of tax in excess of the amounts due to the relevant tax authority. The current tax liability for the Group of \$220,000 (2008: \$251,000) represents the amount of income taxes payable in respect of current and prior financial periods.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

14. Investments

	Consolidated		The Company	
<i>In thousands of AUD</i>	2009	2008	2009	2008
Investments in controlled entities – at cost	-	-	9,542	9,542
	-	-	9,542	9,542

15. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Consolidated	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
<i>In thousands of AUD</i>						
Trade and other receivables	(1,493)	(966)	9	1	(1,484)	(965)
Derivatives	(272)	-	-	381	(272)	381
Inventories	(3,133)	(4,687)	-	484	(3,133)	(4,203)
Property, plant and equipment	(6)	-	1,203	1,913	1,197	1,913
Intangible assets	-	-	2,950	1,659	2,950	1,659
Employee benefits	(3,796)	(3,959)	-	-	(3,796)	(3,959)
Trade and other payables	(387)	(215)	-	-	(387)	(215)
Provisions	(719)	(653)	-	-	(719)	(653)
Translation reserve	(538)	(645)	-	-	(538)	(645)
Tax value of income loss carry forwards recognised	(7,860)	(7,421)	-	-	(7,860)	(7,421)
Tax value of capital loss carry forwards recognised	-	(530)	-	-	-	(530)
Tax (assets) / liabilities	(18,204)	(19,076)	4,162	4,438	(14,042)	(14,638)
Set off of deferred tax liability	4,162	4,438	(4,162)	(4,438)	-	-
Net deferred tax asset	(14,042)	(14,638)	-	-	(14,042)	(14,638)

The Group has recognised a deferred tax asset of \$14,042,000 (2008: \$14,638,000), of which \$7,860,000 (2008: \$7,421,000) relates to carried forward income tax losses and \$nil relates to carried forward capital losses (2008: \$530,000).

The Company	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
<i>In thousands of AUD</i>						
Trade and other receivables	(1,415)	(889)	-	-	(1,415)	(889)
Derivatives	(272)	-	-	381	(272)	381
Inventories	(3,027)	(4,569)	-	484	(3,027)	(4,085)
Property, plant and equipment	-	-	1,203	1,910	1,203	1,910
Intangible assets	-	-	2,950	1,659	2,950	1,659
Employee benefits	(3,507)	(3,664)	-	-	(3,507)	(3,664)
Trade and other payables	(374)	(192)	-	-	(374)	(192)
Provisions	(719)	(653)	-	-	(719)	(653)
Tax value of income loss carry forwards recognised	(7,860)	(7,421)	-	-	(7,860)	(7,421)
Tax value of capital loss carry forwards recognised	-	(530)	-	-	-	(530)
Tax (assets) / liabilities	(17,174)	(17,918)	4,153	4,434	(13,021)	(13,484)
Set off of deferred tax liability	4,153	4,434	(4,153)	(4,434)	-	-
Net deferred tax asset	(13,021)	(13,484)	-	-	(13,021)	(13,484)

The Company has recognised a deferred tax asset of \$13,021,000 (2008: \$13,484,000), of which \$7,860,000 (2008: \$7,421,000) relates to carried forward income tax losses and \$nil relates to carried forward capital losses (2008: \$530,000).

Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements

15. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year										
Consolidated		Balance 1 July 07	Recognised through business combination	Recognised in income	Recognised in equity	Balance 30 June 08	Recognised through business combination	Recognised in income	Recognised in equity	Balance 30 June 09
<i>In thousands of AUD</i>										
	Trade, other receivables and derivative assets	(872)	-	(93)	-	(965)	-	(519)	-	(1,484)
	Derivatives	274		(7)	114	381		(64)	(589)	(272)
	Inventories	(3,231)	-	(972)	-	(4,203)	-	1,070	-	(3,133)
	Property, plant and equipment	2,182	-	(269)	-	1,913	-	(716)	-	1,197
	Intangibles	120	-	1,539	-	1,659	-	1,291	-	2,950
	Employee benefits	(4,224)	-	265	-	(3,959)	-	163	-	(3,796)
	Trade and other payables	(279)	-	64	-	(215)	-	(172)	-	(387)
	Provisions	(172)	123	(604)	-	(653)	-	(66)	-	(719)
	Other items	23	-	(23)	-	-	-	-	-	-
	Translation reserve	182	-	-	(827)	(645)	-	-	107	(538)
	Tax value of income loss carry forwards recognised	(4,045)	-	(3,376)	-	(7,421)	-	(439)	-	(7,860)
	Tax value of capital loss carry forwards recognised	-	-	(530)	-	(530)	-	530	-	-
		(10,042)	123	(4,006)	(713)	(14,638)	-	1,078	(482)	(14,042)
The Company		Balance 1 July 07	Recognised through business combination	Recognised in income	Recognised in equity	Balance 30 June 08	Recognised through business combination	Recognised in income	Recognised in equity	Balance 30 June 09
<i>In thousands of AUD</i>										
	Trade, other receivables and derivative assets	(805)	-	(84)	-	(889)	-	(526)	-	(1,415)
	Derivatives	274		(7)	114	381		(64)	(589)	(272)
	Inventories	(3,076)	-	(1,009)	-	(4,085)	-	1,058	-	(3,027)
	Property, plant and equipment	2,171	-	(261)	-	1,910	-	(707)	-	1,203
	Intangibles	120	-	1,539	-	1,659	-	1,291	-	2,950
	Employee benefits	(3,941)	-	277	-	(3,664)	-	157	-	(3,507)
	Trade and other payables	(245)	-	53	-	(192)	-	(182)	-	(374)
	Provisions	(172)	123	(604)	-	(653)	-	(66)	-	(719)
	Other items	-	-	-	-	-	-	-	-	-
	Tax value of income loss carry forwards recognised	(4,045)	-	(3,376)	-	(7,421)	-	(439)	-	(7,860)
	Tax value of capital loss carry forwards recognised	-	-	(530)	-	(530)	-	530	-	-
		(9,719)	123	(4,002)	114	(13,484)	-	1,052	(589)	(13,021)

16. Property, plant and equipment

Valuation

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Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements
16. Property, plant and equipment (continued)

	Land and buildings	Consolidated Plant and equipment	Total	Land and buildings	The Company Plant and equipment	Total
<i>In thousands of AUD</i>						
Depreciation and impairment losses						
Balance at 1 July 2007	2,129	26,560	28,689	1,886	20,851	22,737
Depreciation charge for the year	273	4,227	4,500	244	3,850	4,094
Disposals	(92)	(9,644)	(9,736)	(92)	(9,547)	(9,639)
Effect of movements in foreign exchange	-	(178)	(178)	-	-	-
Balance at 30 June 2008	2,310	20,965	23,275	2,038	15,154	17,192
Balance at 1 July 2008	2,310	20,965	23,275	2,038	15,154	17,192
Depreciation charge for the year	227	2,114	2,341	197	1,812	2,009
Disposals	(572)	(1,124)	(1,696)	(572)	(848)	(1,420)
Effect of movements in foreign exchange	-	18	18	-	-	-
Balance at 30 June 2009	1,965	21,973	23,938	1,663	16,118	17,781
Carrying amounts						
At 1 July 2007	20,847	28,442	49,289	18,790	26,540	45,330
At 30 June 2008	18,867	16,928	35,795	16,839	15,392	32,231
At 1 July 2008	18,867	16,928	35,795	16,839	15,392	32,231
At 30 June 2009	13,682	15,168	28,850	11,684	13,713	25,397

Security

As at 30 June 2009, property, plant and equipment with a carrying amount of \$25,950,000 (2008: \$32,901,000) was subject to various security charges in relation to the Group's finance facilities.

Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements
17. Intangible assets

In thousands of AUD Cost	Consolidated					The Company		
	Goodwill	Distribution rights	Customer contracts	Computer software	Total	Goodwill	Distribution rights	Computer software
Balance at 1 July 2007	41,789	641	69	12,418	54,917	30,318	641	12,208
Acquisitions through business combinations	41	-	-	-	41	41	-	-
Additions	-	-	-	5,034	5,034	-	-	5,022
Write off	-	-	-	(121)	(121)	-	-	(121)
Disposals	-	-	-	(212)	(212)	-	-	(202)
Effect of movements in foreign exchange	(1,474)	-	-	(21)	(1,495)	-	-	-
Balance at 30 June 2008	40,356	641	69	17,098	58,164	30,359	641	16,907
Balance at 1 July 2008	40,356	641	69	17,098	58,164	30,359	641	16,907
Acquisitions through business combinations	20	-	-	-	20	20	-	-
Additions	-	-	-	3,192	3,192	-	-	3,182
Write off	-	-	-	-	-	-	-	-
Disposals	-	-	-	(4)	(4)	-	-	-
Effect of movements in foreign exchange	157	-	-	2	159	-	-	-
Balance at 30 June 2009	40,533	641	69	20,288	61,531	30,379	641	20,089
								51,109

Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements
17. Intangible assets (continued)

	Consolidated					The Company			
	Goodwill	Distribution rights	Customer contracts	Computer software	Total	Goodwill	Distribution rights	Computer software	Total
<i>In thousands of AUD</i>									
Amortisation and impairment losses									
Balance at 1 July 2007	10,321	344	69	3,633	14,367	10,321	344	3,453	14,118
Amortisation for the year	-	73	-	1,232	1,305	-	73	1,215	1,288
Impairment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(166)	(166)	-	-	(162)	(162)
Effect of movements in foreign exchange	-	-	-	(20)	(20)	-	-	-	-
Balance at 30 June 2008	10,321	417	69	4,679	15,486	10,321	417	4,506	15,244
Balance at 1 July 2008	10,321	417	69	4,679	15,486	10,321	417	4,506	15,244
Amortisation for the year	-	73	-	1,427	1,500	-	73	1,414	1,487
Impairment	6,880	-	-	-	6,880	6,182	-	-	6,182
Disposals	-	-	-	(4)	(4)	-	-	-	-
Effect of movements in foreign exchange	-	-	-	1	1	-	-	-	-
Balance at 30 June 2009	17,201	490	69	6,103	23,863	16,503	490	5,920	22,913
Carrying amounts									
At 1 July 2007	31,468	297	-	8,785	40,550	19,997	297	8,755	29,049
At 30 June 2008	30,035	224	-	12,419	42,678	20,038	224	12,401	32,663
At 1 July 2008	30,035	224	-	12,419	42,678	20,038	224	12,401	32,663
At 30 June 2009	23,332	151	-	14,185	37,668	13,876	151	14,169	28,196

Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements

17. Intangible assets (continued)

Impairment and write off

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Impairment of goodwill ⁽ⁱ⁾	6,880	-	6,182	-
	6,880	-	6,182	-

⁽ⁱ⁾ Due to poor sales and margin, impairment losses of \$1,300,000, \$4,882,000 and \$698,000 were recognised during 2009 to reduce the carrying amount of goodwill of the Australian fasteners, Australian furniture and hardware business, and New Zealand furniture and hardware business respectively, to recoverable amount. No impairment loss was recognised in 2008.

The following units have carrying amounts of goodwill:

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Queensland fastener distribution	3,714	3,714	3,714	3,714
Western Australia and Northern Territory fastener distribution	4,192	4,192	4,450	4,450
New Zealand fastener distribution	9,714	9,575	-	-
Australia and New Zealand cabinet and furniture hardware distribution	-	5,561	-	4,881
Multiple units with goodwill	5,712	6,993	5,712	6,993
	23,332	30,035	13,876	20,038

The impairment tests for the cash generating units identified above are based on value in use calculations, in which projected pre-tax cash flows for the next five years, together with a terminal value based on long-term growth rates, have been discounted at a pre-tax discount rate of 14.5% (2008: 13.13%). The discount rate was estimated based on an industry average weighted average cost of capital which was based on a possible debt leveraging of 60% (2008: 33%) and market interest rate of 6.25% (2008: 8.8%). The projected cash flows are based on detailed operating budgets for the year ending 30 June 2010 approved by the Board, and forecasts for the following four years approved by management. There is no goodwill attributable to the Automotive parts distribution segment.

Beyond the 2010 budgeted cash flows, growth rates ranging between 4% and 6% were applied through to 2014, with terminal value growth rates of 2% and 3% applied in 2015 for Australian and New Zealand units respectively, which is consistent with long term growth forecasts.

Coventry Group Ltd and its controlled entities
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17. Intangible assets (continued)

The key assumptions used in the value in use calculations are as follows:

Key Assumptions	Basis For Determining Values Assigned to Each Key Assumption
Projected gross margins	Based on average gross margins achieved in the period immediately before the budget period, adjusted for known changes in purchasing terms and the expected level of competition.
Projected sales growth	Based on regional economic growth forecast and maintaining existing market share, except where new competition is expected.
Projected expenses/sales ratio	Based on expenses/sales ratio experienced in period immediately before the budget period, adjusted for known changes in expenses and expected impact of sales volume growth.
Improvement in working capital	Based on improvements achieved during the reporting period continuing in forecast periods.

Key assumption sensitivity

For some industrial divisions, a possible increase of 1% in the discount rate could cause the carrying value of these divisions to exceed their recoverable amount which would result in a further impairment of \$915,000.

Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements

18. Trade and other payables

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Trade payables	27,359	38,408	25,606	36,799
Non trade payables and accrued expenses	8,068	8,156	7,654	7,409
Derivatives used for hedging	17	-	17	-
	35,444	46,564	33,277	44,208

19. Interest-bearing loans and borrowings

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Current				
Bill acceptance facility – secured	-	49,053	-	46,000
	-	49,053	-	46,000
Non-current				
Bill acceptance facility – secured	20,213	-	18,000	-
	20,213	-	18,000	-
Financing facilities				
Total facilities available at balance sheet date				
Bank overdraft	7,000	5,000	7,000	5,000
Bill acceptance facility	33,617	49,565	30,000	46,000
Guarantee facility	1,011	1,207	882	882
Corporate credit card facility	489	484	365	365
	42,117	56,256	38,247	52,247
Facilities utilised at balance sheet date				
Bill acceptance facility	20,213	49,053	18,000	46,000
Guarantee facility	777	811	648	684
Corporate credit card facility	489	412	365	365
	21,479	50,276	19,013	47,049
Facilities not utilised at balance sheet date				
Bank overdraft	7,000	5,000	7,000	5,000
Bill acceptance facility	13,404	512	12,000	-
Guarantee facility	234	396	234	198
Corporate credit card facility	-	72	-	-
	20,638	5,980	19,234	5,198

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

19. Interest-bearing loans and borrowings (continued)

Financing arrangements

Bank overdraft facility

The bank overdraft facility may be drawn at any time and is repayable on demand. Interest is charged at prevailing market rates.

Bill acceptance facility

Each bill drawn on the facility is discounted at the prevailing market rate at the time of draw-down, with the rate applying for the term of the bill, generally for periods between 1 to 90 days. The rates varied between 6.25% to 8.6% during the financial year ended 30 June 2009 (2008: rates varied between 7.4% to 8.8%).

At 30 June 2009 the term of the bill acceptance facility had been extended to 1 July 2010.

Guarantee facility

Bank guarantees may be arranged from time to time under this facility, whereby the bank guarantees the performance of the Group in relation to certain contractual commitments, up to the limit specified in each individual guarantee.

Corporate credit card facility

Credit cards for business use may be issued under this facility from time to time.

Securities

All of the above facilities are secured by fixed and floating charges over the assets and undertakings of the Company, a general security agreement from Coventry Group (NZ) Limited, and by a deed of cross guarantee between those companies.

20. Employee benefits

Current

In thousands of AUD

Liability for long service leave
Liability for annual leave

Consolidated		The Company	
2009	2008	2009	2008
3,141	3,191	2,670	2,729
7,479	7,690	6,987	7,211
10,620	10,881	9,657	9,940

Non-current

In thousands of AUD

Liability for long service leave

Consolidated		The Company	
2009	2008	2009	2008
2,034	2,292	2,034	2,274
2,034	2,292	2,034	2,274

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

21. Share-based payments

Long term incentives are provided to senior management, including key management personnel, through the Executive Long Term Incentive Plan ("ELTIP") which was approved by shareholders at the annual general meeting on 5 November 2003.

Under the ELTIP, eligible executives were offered fully paid ordinary shares in the Company up to a value of 25% (35% for the Executive Chairman) of fixed annual remuneration at the start of the performance period, upon achieving certain performance criteria set by the Board.

Details of the offers of shares made under the ELTIP are as follows:

Description	Number of shares offered	Number of shares lapsed in current period	Number of shares offered remaining	Vesting conditions
2006 Offer	130,583	33,892	-	Earnings per share in excess of \$1.26 cumulative over 3 years. Return on equity of at least 12% for the year ended 30 June 2009. Continuous service for 3 years.

During the year ended 30 June 2009, 33,892 shares under the 2006 Offer were lapsed. For the year ended 30 June 2008, 28,227 shares under the 2005 Offer and 19,496 shares under the 2006 Offer were forfeited.

The fair value of services received in return for the offers of the ELTIP shares has been calculated at the date of grant using a Black-Scholes model incorporating the factors and assumptions detailed below. Non-market and service conditions are not taken into account in the measurement of fair value at grant date of the services received. The fair value of the services is remeasured, having regard to non-market and service conditions only, at each balance sheet date and at settlement date.

Grant date	Expiry date	Fair value per share	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield
3 October 2006	30 June 2009	\$3.41	\$0.01	\$4.26	23%	5.8%	7.4%

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

21. Share based payments (continued)

During the year ended 30 June 2008, under the ELTIP, share options were granted to the executive directors and key management personnel that entitle them to purchase shares in the Company. No options were granted, vested, exercised or lapsed during and since the year ended 30 June 2009.

The terms and conditions of the options granted are as follows:

Grant date	Number of options	Vesting conditions	Contractual life of options
5 November 2007	166,667	Provided the share price reaches a value of greater than 15% of the underlying spot price (\$3.65) at the date of issue, on or before 4 November 2012	5 years
5 November 2007	166,667	Provided the share price reaches a value of greater than 30% of the underlying spot price (\$3.65) at the date of issue, on or before 4 November 2012	5 years
5 November 2007	166,666	Provided the share price reaches a value of greater than 45% of the underlying spot price (\$3.65) at the date of issue, on or before 4 November 2012	5 years
23 November 2007	126,667	Provided the share price reaches a value of greater than 15% of the underlying spot price (\$3.58) at the date of issue, on or before 22 November 2012	5 years
23 November 2007	126,667	Provided the share price reaches a value of greater than 30% of the underlying spot price (\$3.58) at the date of issue, on or before 22 November 2012	5 years
23 November 2007	126,666	Provided the share price reaches a value of greater than 45% of the underlying spot price (\$3.58) at the date of issue, on or before 22 November 2012	5 years
Total share options	880,000		

All options are to be settled by physical delivery of shares.

The number and weighted average exercise price of share options is as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2009	2009	2008	2008
Outstanding at 1 July	\$3.88	880,000	-	-
Forfeited during the period	\$3.88	80,000	-	-
Granted during the period	-	-	\$3.88	880,000
Outstanding at 30 June	\$3.88	800,000	\$3.88	880,000

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

21. Share based payments (continued)

The fair value of services received in return for share options is based on the fair value of share options granted, measured using a binomial model, incorporating the probability of the relative total shareholder return vesting condition being met, with the following inputs:

	Executive Chairman	Key Management Personnel	Executive Chairman	Key Management Personnel
	2009	2009	2008	2008
Fair value at grant date	-	-	\$0.44	\$0.42
Exercise price	-	-	\$3.88	\$3.88
Expected volatility	-	-	23.6%	23.6%
Option life	-	-	5 years	5 years
Expected dividends	-	-	7.0%	7.0%
Risk-free interest rate (based on Commonwealth Government securities)	-	-	6.52%	6.52%

The total employee benefits expense recognised for the reporting period under each ELTIP offer is as follows:

	Consolidated		The Company	
<i>In thousands of AUD</i>	2009	2008	2009	2008
2005 Offer – equity settled	-	(10)	-	(10)
2006 Offer – equity settled	(16)	(12)	(16)	(12)
2008 Options – equity settled	70	75	70	75
	54	53	54	53

22. Provisions

Current

In thousands of AUD

Consolidated

	Lease makegood	Warranty	Restructuring/ onerous contracts ⁽ⁱ⁾	Total
Balance at 1 July 2008	398	286	1,493	2,177
Provisions made during the year	-	368	317	685
Provisions used during the year	(141)	(341)	(1,493)	(1,975)
Balance at 30 June 2009	257	313	317	887

The Company

	Lease makegood	Warranty	Restructuring/ onerous contracts ⁽ⁱ⁾	Total
Balance at 1 July 2008	398	286	1,493	2,177
Provisions made during the year	-	368	317	685
Provisions used during the year	(141)	(341)	(1,493)	(1,975)
Balance at 30 June 2009	257	313	317	887

Coventry Group Ltd and its controlled entities
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22. Provisions (continued)

Non-current

<i>In thousands of AUD</i>	Lease makegood	Warranty	Restructuring/ onerous contracts ⁽ⁱ⁾	Total
Consolidated				
Balance at 1 July 2008	-	-	-	-
Provisions made during the year	-	-	1,256	1,256
Provisions used during the year	-	-	-	-
Balance at 30 June 2009	-	-	1,256	1,256
The Company				
Balance at 1 July 2008	-	-	-	-
Provisions made during the year	-	-	1,256	1,256
Provisions used during the year	-	-	-	-
Balance at 30 June 2009	-	-	1,256	1,256

⁽ⁱ⁾ Includes provision used during the reporting period relating to Coventry Automotive Queensland closure in 2008 and provision provided in 2009 for the unexpired portion of the lease of the distribution centre for this division.

Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements

23. Capital and reserves

Reconciliation of movement in capital and reserves

Consolidated	Share-based payments reserve	Hedging reserve	Translation reserve	Realisation reserve	Total reserve	Share capital	Retained earnings	Total for members of the Company	Minority interest	Total equity
<i>In thousands of AUD</i>										
Balance at 1 July 2007	661	628	426	22,952	24,667	112,676	27,984	165,327	2,756	168,083
Total recognised income and expense	-	263	(1,930)	-	(1,667)	-	6,522	4,855	327	5,182
Equity settled share based payment transactions	53	-	-	-	53	-	-	53	-	53
Transfer (from)/to reserve	-	-	-	529	529	-	(529)	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	(426)	(426)
Balance at 30 June 2008	714	891	(1,504)	23,481	23,582	112,676	33,977	170,235	2,657	172,892
Balance at 1 July 2008	714	891	(1,504)	23,481	23,582	112,676	33,977	170,235	2,657	172,892
Total recognised income and expense	-	(1,445)	246	-	(1,199)	-	(1,416)	(2,615)	411	(2,204)
Equity settled share based payment transactions	54	-	-	-	54	-	-	54	-	54
Transfer (from)/to reserve	(624)	-	-	1,554	930	-	(930)	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	(358)	(358)
Balance at 30 June 2009	144	(554)	(1,258)	25,035	23,367	112,676	31,631	167,674	2,710	170,384

Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements

23. Capital and reserves (continued)

Reconciliation of movement in capital and reserves

Company	Share-based payments reserve	Hedging reserve	Realisation reserve	Total reserve	Share capital	Retained earnings	Total equity
<i>In thousands of AUD</i>							
Balance at 1 July 2007	661	628	22,952	24,241	112,676	20,847	157,764
Total recognised income and expense	-	263	-	263	-	5,774	6,037
Equity settled share based payment transactions	53	-	-	53	-	-	53
Transfer (from)/to reserve	-	-	529	529	-	(529)	-
Balance at 30 June 2008	714	891	23,481	25,086	112,676	26,092	163,854
Balance at 1 July 2008	714	891	23,481	25,086	112,676	26,092	163,854
Total recognised income and expense	-	(1,445)	-	(1,445)	-	4,291	2,846
Equity settled share based payment transactions	54	-	-	54	-	-	54
Transfer (from)/to reserve	(624)	-	1,554	930	-	(930)	-
Balance at 30 June 2009	144	(554)	25,035	24,625	112,676	29,453	166,754

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

23. Capital and reserves (continued)

Share capital	The Company	
	Ordinary shares	
<i>In thousands of shares</i>	2009	2008
On issue at 1 July	39,406	39,406
On issue at 30 June – fully paid	39,406	39,406

The Company has also issued share options (see note 21).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Realisation reserve

The asset realisation reserve includes revaluation increments and decrements previously included in retained earnings, which have been realised upon the disposal of previously revalued non-current assets.

Share based payments reserve

The share based payment reserve comprises the fair value of shares and options that are yet to vest under share based payments arrangements.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

23. Capital and reserves (continued)

Dividends

No dividends were recognised in the current and previous years by the Company.

After the balance sheet date the following dividend was declared by the directors. The dividend has not been provided.

	Cents per share	Total amount	Franked / Unfranked	Date of payment
<i>In thousands of AUD</i>				
Ordinary	5	<u>1,970</u>	Franked	25 September 2009

The financial effect of this dividend has not been brought to account in the financial statements for the financial year ended 30 June 2009 and will be recognised in subsequent financial reports.

Dividend franking account

In thousands of AUD

	The Company	
	2009	2008
30 per cent franking credits available to shareholders of the Company for subsequent financial years	<u>21,443</u>	<u>20,938</u>

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for franking debits that will arise from the receivable of the current tax receivables.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by \$844,000 (2008: \$nil).

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

24. Financial risk management

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit and Risk Committee oversees how management monitors compliance with the Company's and Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company and Group. The Group Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit and Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's and Group's receivables from customers.

Trade and other receivables

The Company's and Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank and trade references. Under this policy, purchase limits are established for each customer, which represents the maximum open amount without requiring approval from Senior Management; these limits are reviewed from time to time. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, aging profile, maturity and existence of previous financial difficulties. The Group's trade and other receivables relate mainly to the Group's trade customers. Customers that are graded as "high risk" are closely monitored and at such time they exceed the agreed limit are placed on prepayment terms.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not normally require collateral in respect of trade and other receivables.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

24. Financial risk management (continued)

Credit risk (continued)

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and where believed to be applicable, a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

- \$7 million overdraft facility in which interest is payable at prevailing market rates.
- \$33.6 million bill acceptance facility. Each bill drawn on the facility is discounted at the prevailing market rate at the time of draw-down, with the rate applying for the term of the bill, generally periods of between 1 to 90 days.

Note 19 sets out the terms and conditions attaching to the Group's facility including the current review of the Group's bill facility by the bank.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the Australian dollar. The currencies giving rise to this risk are primarily US dollars, Euros and Japanese yen. The Group's exposure to currency risk is not significant.

Interest rate risk

The Group adopts a policy of ensuring that a large proportion of its exposure to changes in interest rates on borrowings is on a fixed rate basis. Interest rate swaps, denominated in Australian dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure with the Group's policy. The swaps mature over the next 2 years and have fixed swap rates ranging from 5.86 per cent to 6.38 per cent. At 30 June 2009, the Group had interest rate swaps with a notional contract amount of \$25 million (2008: \$35 million).

The Group classifies interest rate swaps as cash flow hedges and states them at fair value.

The net fair value of swaps at 30 June 2009 was a liability of \$893,000 (2008: asset \$1,271,000).

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

24. Financial risk management (continued)

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the prevailing and projected profitability, projected operating cash flows and projected strategic investment opportunities. In order to maintain an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, incur new borrowings or repay existing borrowings.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Credit risk

Exposure to credit risk

The carrying amount of the Group's and Company's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<i>Note</i>	Consolidated Carrying amount		The Company Carrying amount	
<i>In thousands of AUD</i>		2009	2008	2009	2008
Cash and cash equivalents	10	5,071	3,294	2,446	396
Loans and receivables		61,909	85,594	72,041	89,219
Interest rate swaps used for hedging: assets		-	1,271	-	1,271
		66,980	90,159	74,487	90,886

The Group's and Company's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

		Consolidated Carrying amount		The Company Carrying amount	
<i>In thousands of AUD</i>		2009	2008	2009	2008
Australia		57,410	78,317	55,960	76,346
New Zealand		3,762	4,527	-	-
	11	61,172	82,844	55,960	76,346

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

24. Financial risk management (continued)

Credit risk (continued)

The Group's and Company's maximum exposure to credit risk for trade receivables at the reporting date by type of customers was:

	<i>Note</i>	Consolidated Carrying amount		The Company Carrying amount	
<i>In thousands of AUD</i>		2009	2008	2009	2008
Trade customers		51,931	71,272	49,063	67,756
Wholesale customers		9,241	11,572	6,897	8,590
	11	61,172	82,844	55,960	76,346

The Group's most significant customer, an Australian wholesaler, accounts for \$2,953,000 of the trade receivables carrying amount at 30 June 2009 (2008: \$2,744,000).

Impairment losses

The aging of the Group's trade receivables at the reporting date was:

	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008
<i>In thousands of AUD</i>				
Not past due	34,412	-	37,974	-
Past due 1-30 days	18,884	-	24,331	-
Past due 31-60 days	4,480	-	8,068	-
Past due 61 days and over	8,363	4,967	15,685	3,214
	66,139	4,967	86,058	3,214

The aging of the Company's trade receivables at the reporting date was:

	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008
<i>In thousands of AUD</i>				
Not past due	32,317	-	34,981	-
Past due 1-30 days	16,763	-	23,223	-
Past due 31-60 days	3,685	-	6,276	-
Past due 61 days and over	7,899	4,704	14,828	2,962
	60,664	4,704	79,308	2,962

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Consolidated Carrying amount		The Company Carrying amount	
	2009	2008	2009	2008
<i>In thousands of AUD</i>				
Balance as 1 July	3,214	2,983	2,962	2,731
Impairment loss recognised	1,753	231	1,742	231
Balance at 30 June	4,967	3,214	4,704	2,962

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 60 days. A significant part of the balance, which includes the amount owed by the Group's most significant customer, relates to customers that have a good credit history with the Group.

24. Financial risk management (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2008

Non derivative financial liabilities

Derivative financial liabilities

Forward exchange contracts used for hedging

24. Financial risk management (continued)

The Company

Included in interest rate swaps are interest rate swaps with a fair value of \$201,000 that are considered ineffective for hedge purposes as the forecast of the interest payments are not expected to occur.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

24. Financial risk management (continued)

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's and the Company's interest-bearing financial instruments was:

<i>In thousands of AUD</i>	Consolidated Carrying amount		The Company Carrying amount	
	2009	2008	2009	2008
Variable rate instruments				
Financial assets	4,972	4,505	2,353	1,614
Financial liabilities	(21,106)	(49,053)	(18,893)	(46,000)
	(16,134)	(44,548)	(16,540)	(44,386)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

<i>In thousands of AUD</i>	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2009				
Variable rate instruments	98	(98)	-	-
Interest rate swap	85	(85)	328	(321)
Cash flow sensitivity (net)	183	(183)	328	(321)
30 June 2008				
Variable rate instruments	(108)	108	-	-
Interest rate swap	-	-	607	(626)
Cash flow sensitivity (net)	(108)	108	607	(626)

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

24. Financial risk management (continued)

Fair values

The fair values of financial assets and financial liabilities of the Group approximate their carrying amounts in the balance sheet. The following summaries the major methods and assumptions used in estimating the fair values of financial instruments.

Derivatives

The fair value of interest rate swaps is based on market quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Interest bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount less any impairment loss is deemed to reflect the fair value.

25. Operating leases

Leases as lessee

Non cancellable operating lease rentals are payable as follows:

<i>In thousands of AUD</i>	Consolidated		The Company	
	2009	2008	2009	2008
Less than one year	14,065	13,722	12,911	12,440
Between one and five years	25,579	27,392	23,661	25,252
More than five years	27,009	28,400	26,606	27,812
	66,653	69,514	63,178	65,504

The Group leases various premises, plant and equipment and motor vehicles under operating leases. The leases typically run for periods ranging from 1 month to 20 years and in some cases provide for an option to renew the lease after expiry. Lease payments are reviewed periodically to reflect market rentals. None of the leases include contingent rentals.

During the financial year ended 30 June 2009, the Group recognised \$16,208,000 (2008 \$14,842,000) as an expense in the income statement in respect of operating leases (the Company: \$14,928,000; 2008: \$13,561,000).

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

26. Discontinued operations

In June 2008 the Group made two separate sales of the business and assets of two divisions (Queensland and the Northern Territory) within its Automotive Parts Distribution segment. At the time those sales contracts were signed, certain items were left to be resolved. These items were primarily:

- Contractual matters related to the final determination of inventories, their existence, valuation and degree of impairment;
- Matters related to the collectability of trade receivables for the Queensland division; and
- The ability to sub-lease the previous distribution centre for the Queensland division which was not acquired by the purchaser and which expires on 31 August 2014.

All such matters have now been resolved, resulting in the expense of \$2,609,000 which includes \$1,573,000 as a provision for onerous contract in respect of the unexpired portion of the lease as described above.

(Loss)/profit attributable to the discontinued operations were as follows:

	Consolidated & The Company	
<i>In thousands of AUD</i>	2009	2008
Results of discontinued operations		
Revenue	-	34,020
Other revenue	-	120
Other income	-	51
Expenses ⁽ⁱ⁾	(2,609)	(38,382)
Results from operating activities	(2,609)	(4,191)
Income tax benefit	783	1,257
Gain on sale of discontinued operation	-	1,505
Income tax benefit on capital loss on sale of discontinued operations	-	2,795
(Loss)/profit for the year	(1,826)	1,366
Basic (loss)/earnings per share	(4.6) cents	3.5 cents
Diluted (loss)/earnings per share	(4.6) cents	3.4 cents

⁽ⁱ⁾ Includes restructuring \$2,609,000 (2008: \$1,543,000)

Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements

26. Discontinued operations (continued)

	Consolidated & The Company	
<i>In thousands of AUD</i>	2009	2008
Cash flows from discontinued operations		
Net cash used in operating activities	(928)	(813)
Net cash from investing activities	-	1,906
Net cash from discontinued operations	(928)	1,093
Effect of disposal on the financial position of the Group		
Property, plant and equipment	-	(947)
Trade and other receivables	-	(702)
Inventories	-	(5,505)
Trade and other payables	-	820
Deferred tax liabilities	-	(130)
Net identifiable assets and liabilities	-	(6,464)
Net consideration received, satisfied in cash	-	7,969

Coventry Group Ltd and its controlled entities
Notes to the consolidated financial statements

27. Controlled entities

	Country of Incorporation	Ownership interest 2009 %	2008 %
AA Gaskets Pty Ltd	Australia	73	73
Coventry Group (NZ) Limited	New Zealand	100	100
NZ Gaskets Limited ⁽ⁱ⁾	New Zealand	73	73

The ultimate parent entity is Coventry Group Ltd.

⁽ⁱ⁾ The company is a controlled entity of AA Gaskets Pty Ltd and operates in New Zealand.

28. Reconciliation of cash flows from operating activities

<i>In thousands of AUD</i>	Note	Consolidated 2009	2008	The Company 2009	2008
Cash flows from operating activities					
(Loss)/profit for the period		(1,005)	6,921	4,291	5,774
<i>Adjustments for:</i>					
Depreciation & amortisation		3,841	5,805	3,496	5,382
Impairment and write off of intangibles		6,880	121	6,182	121
Interest income from controlled entities	7	-	-	(1,021)	(764)
Interest income from other entities	7	(103)	(313)	(4)	(138)
Interest expense	7	3,299	5,050	3,069	4,722
Dividends from controlled entities		-	-	(943)	(1,784)
Net gain on disposal of property, plant and equipment		(11,039)	(6,737)	(11,072)	(6,768)
Net gain on disposal of business		-	(1,505)	-	(1,505)
Income tax expense/(benefit)	8	2,007	(2,609)	1,256	(4,002)
Operating profit before changes in working capital and provisions		3,880	6,733	5,254	1,038
Change in trade and other receivables		21,724	(1,599)	15,394	(2,062)
Change in inventories		3,489	(872)	4,543	(1,616)
Change in trade and other payables		(10,864)	6,887	(10,802)	9,445
Change in provisions and employee benefits		2,682	7,217	2,354	6,953
		20,911	18,366	16,743	13,758
Interest paid		(3,203)	(4,153)	(2,973)	(3,825)
Income taxes refunded/(paid)		766	(2,447)	1,760	(1,284)
Net cash from operating activities		18,474	11,766	15,530	8,649

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

29. Contingencies

In August 2007 the Company supplied bolts to be used in the erection of Wind Towers. The Company sourced the bolts from an importer. Certain bolts failed due to an alleged failure to meet specification. The Company contests the circumstances of that contention. As a consequence of that failure a number of changes were made to project plans for the erection of the Wind Towers. In April 2009 the Company received a claim for approximately \$2,300,000 in respect of alleged costs and liquidated damages in respect of this matter. Whilst not admitting any liability the Company has referred the documentation and claim to the importer for their attention.

The Company considers that:

1. The matters surrounding the claim are in dispute.
2. Should any liability be established in the matter that liability will rest with the importer and hence the deemed manufacturer. It is understood that the importer has insurance to mitigate any loss it may incur.

Thus the possibility that the Company will suffer any financial loss is unlikely.

Given the circumstances and history of this matter there can be no certainty as to the timing of its resolution.

The directors are of the opinion that provisions are not required in respect of this matter, as it is not probable that a future sacrifice of economic benefits will be required.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

30. Key management personnel disclosures

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

J Boros
JH Nickson
BF Nazer

Executive directors

RB Flynn, Executive Chairman
V Scidone, Director and Group General Manager – Industrial

Executives

AP Hockley, Chief Financial Officer
MW Ridley, Chief Information Officer
GN Wilton, Group General Manager – Automotive ¹
MJ Hurley, Group General Manager – Automotive ²
J Colli, Company Secretary

¹ resigned 11th September 2008

² appointed 15th October 2008

Key management personnel compensation

The key management personnel compensation included in employee benefits expense is as follows:

In AUD	Consolidated		The Company	
	2009	2008	2009	2008
Short-term employee benefits	2,343,541	2,212,929	2,343,541	2,212,929
Other long-term benefits	20,027	24,161	20,027	24,161
Post-employment benefits	433,377	445,634	433,377	445,634
Termination benefits	71,346	28,415	71,346	28,415
Equity compensation benefits	54,130	83,949	54,130	83,949
	<u>2,922,421</u>	<u>2,795,088</u>	<u>2,922,421</u>	<u>2,795,088</u>

Information regarding individual directors and executives compensation and applicable equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

30. Key management personnel disclosures (continued)

Movements in shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2008	Held on appointment	Purchases	Sales	Held at Resignation	Held at 30 June 2009
Directors						
J Boros	27,320	-	72,680	-	-	100,000
JH Nickson	25,977	-	25,000	-	-	50,977
BF Nazer	61,182	-	40,000	-	-	101,182
RB Flynn	62,146	-	85,000	-	-	147,146
V Scidone	14,961	-	12,739	-	-	27,700
Executives						
AP Hockley	-	-	4,000	-	-	4,000
MW Ridley	-	-	5,000	-	-	5,000
GN Wilton ⁽ⁱ⁾	-	-	-	-	-	-
MJ Hurley ⁽ⁱⁱ⁾	-	-	-	-	-	-
J Colli	1,005	-	-	-	-	1,005

No shares were granted to key management personnel during the reporting period as compensation.

⁽ⁱ⁾ Resigned 11 September 2008.

⁽ⁱⁱ⁾ Appointed 15 October 2008.

	Held at 1 July 2007	Held on appointment	Purchases	Sales	Held at Resignation	Held at 30 June 2008
Directors						
J Boros	17,320	-	10,000	-	-	27,320
JH Nickson ⁽ⁱ⁾	-	25,977	-	-	-	25,977
RM McLean ⁽ⁱⁱ⁾	29,698	-	-	-	29,698	-
BF Nazer	26,182	-	35,000	-	-	61,182
RB Flynn	32,146	-	30,000	-	-	62,146
V Scidone ⁽ⁱⁱⁱ⁾	13,491	-	1,470	-	-	14,961
Executives						
AP Hockley	-	-	-	-	-	-
MW Ridley	-	-	-	-	-	-
GN Wilton ^(iv)	-	-	-	-	-	-
J Colli	1,005	-	-	-	-	1,005
PL Todd ^(v)	2,000	-	-	-	2,000	-
DJ Beisley ^(vi)	-	-	-	-	-	-

No shares were granted to key management personnel during the reporting period as compensation.

⁽ⁱ⁾ Appointed 5 November 2007.

⁽ⁱⁱ⁾ Resigned 5 November 2007.

⁽ⁱⁱⁱ⁾ Appointed 22 February 2008.

^(iv) Appointed 1 November 2007.

^(v) Resigned 30 May 2008.

^(vi) Resigned 6 September 2007.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

30. Key management personnel disclosures (continued)

Other Transactions

From time to time, key management personnel may purchase goods from companies within the Group on the same terms as apply to other employees of the Group. The value of these transactions is insignificant.

31. Related parties – other than key management personnel

Identity of related parties

The Group has a related party relationship with its controlled entities (see note 27) and with its key management personnel (see note 30).

Controlled entities

All transactions with controlled entities are at arms length.

The aggregate amounts included in the profit before tax for the year that resulted from transactions with controlled entities are:

	The Company	
	2009	2008
Dividend revenue	6,134,193	1,784,485
Revenue from sale of goods	374,524	193,070
Purchase of inventories	590,079	807,586
Increase in intercompany advance accounts	5,233,584	686,933
Aggregate amounts receivable from controlled entities	15,404,505	10,170,921

During the year ended 30 June 2009, the Company received interest of \$1,021,000 (2008: \$763,000) in respect of the advance account subject to interest charges. Interest is charged at commercial rates.

Coventry Group Ltd

Directors' report

For the year ended 30 June 2009

The directors present their report together with the financial report of Coventry Group Ltd (the "Company") and of the Group, being the Company and its controlled entities for the year ended 30 June 2009.

1. Directors

Information on Directors

The directors of the Company at any time during or since the end of the financial year and up to the date of this report are:

Independent, non-executive directors

Joseph Boros
Barry Frederick Nazer
John Harold Nickson

Executive directors

Roger Baden Flynn – Executive Chairman
Vince Scidone

Particulars of their qualifications, experience and special responsibilities are set out on page xx of the Concise Annual Report.

Directors' Interests

As at the date of this report particulars of the relevant interest of each director in the securities of the Company are as follows:

	Number of <u>Ordinary Shares</u>
J Boros	100,000
JH Nickson	50,977
BF Nazer	101,182
RB Flynn	147,146
V Scidone	27,700

During the 2008/09 financial year and as at the date of this report no director has declared any interest in a contract or proposed contract with the Company, the nature of which would be required to be reported in accordance with subsection 300(11)(d) of the Corporations Act 2001, except as follows:

- Mr RB Flynn, who has a service contract with the Company which entitles him to benefits in the Company as disclosed in the Remuneration Report section of this report.
- Mr V Scidone, who has an employment contract with the Company which entitles him to benefits in the Company as disclosed in the Remuneration Report section of this report.

Coventry Group Ltd
 Directors' report (continued)
 For the year ended 30 June 2009

Directors' Meetings

The following table sets out the number of meetings of the Company's board of directors and each board committee, held during the year ended 30 June 2009, and the number of meetings attended by each director.

	Board of Directors		Audit & Risk Committee		Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J Boros	12	12	5	5	5	5	1	1
BF Nazer	12	11	5	5	-	-	1	1
JH Nickson	12	12	5	5	5	5	-	-
RB Flynn	12	12	-	-	-	-	1	1
V Scidone	12	11	-	-	-	-	-	-

Note: Directors may pass resolutions in writing without a formal meeting being convened. Such resolutions are deemed by the Company's Constitution to be meetings. The above table does not include such meetings.

2. Principal activities

The principal activities of the Group during the financial year were:

Automotive Parts

- distribution and marketing of automotive parts and accessories, tools and workshop equipment; mining and general industrial consumables; specialised transport and heavy haulage products.

Industrial Products

- distribution and marketing of industrial and construction fasteners including bolts, nuts and screws; general industrial products.
- distribution, design and installation of lubrication and hydraulic fluid systems, hose and fittings products.
- importation, distribution and marketing of hardware, components and finished products to the domestic and commercial furniture, cabinet making, joinery and shop fitting industries; office chair components.

Gasket Manufacturing

- manufacture and distribution of automotive and industrial gaskets.

Coventry Group Ltd
 Directors' report (continued)
 For the year ended 30 June 2009

3. Consolidated results

Results of the Group for the year ended 30 June 2009 were as follows:

	2009 \$000	2008 \$000
Revenue from sale of goods	419,096	448,795
Profit before tax	3,611	6,998
Income tax expense	(2,790)	(1,443)
Profit from continuing operations for the year	821	5,555
(Loss)/profit from discontinued operations (net of income tax)	(1,826)	1,366
(Loss)/profit for the year attributable to:		
- equity holders of the Company	(1,416)	6,522
- minority interest	411	399
(Loss)/profit for the year	(1,005)	6,921

4. Dividends

On 3 July 2009, the directors declared a dividend of 5 cents, fully franked, for each ordinary share. The record date for the dividend is 8 September 2009 and will be paid on 25 September 2009.

No interim dividend was declared.

5. Review of operations and results

Additional review of the Group's operations for the financial year and the results of those operations are contained in the Concise Annual Report and in particular in the Executive Chairman's review section.

6. Earnings per share

Basic loss per share for the year ended 30 June 2009 was 3.6 cents. This compares to a basic earnings per share of 16.6 cents for the previous year.

7. Significant change in the company's affairs

The directors are not aware of any significant change in the Group's state of affairs that occurred during the financial year not otherwise disclosed in this report or the consolidated accounts.

Coventry Group Ltd
Directors' report (continued)
For the year ended 30 June 2009

8. Events subsequent to reporting date

The directors are not aware of any matter or circumstance having arisen since the end of the financial year and the date of this report that has significantly affected, or may significantly affect:

- (a) the Group's operations;
- (b) the results of those operations; or
- (c) the Group's state of affairs

in future years.

9. Likely developments

The Group will continue to evaluate and look for opportunities to grow its business. It will actively pursue strategic acquisitions if they fit with the core business of the Group and have the potential to increase and maximise shareholder wealth.

In the opinion of directors it would be prejudicial to the Group's interests if any further information on likely developments and expected results of operations was included in this report.

10. Remuneration report

Remuneration is referred to as compensation throughout this remuneration report.

The entire remuneration report has been audited by the Company's external auditor, KPMG.

10.1 Key Management Personnel (KMPs)

KMPs have authority and responsibility for planning, directing and controlling the activities of the Company and the Group and comprise the directors of the Company and executives for the Company and the Group including the 5 most highly remunerated Company and Group executives.

The following were KMPs of the Group at any time during the reporting period and unless otherwise indicated were KMPs for the entire period:

Non-executive directors

J Boros
BF Nazer
JH Nickson

Executive directors

RB Flynn, Executive Chairman
V Scidone, Director and Group General Manager – Industrial

Executives

AP Hockley, Chief Financial Officer & Company Secretary
MW Ridley, Chief Information Officer
GN Wilton, Group General Manager – Automotive (resigned 11 September 2008)
MJ Hurley, Group General Manager – Automotive (appointed 15 October 2008)
J Colli, Company Secretary

Coventry Group Ltd
Directors' report (continued)
For the year ended 30 June 2009

10. Remuneration report (continued)

10.2 Principles used to determine the nature and amount of compensation

Non-executive directors

Fees paid to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees are reviewed annually by the Remuneration Committee. Non-executive directors do not receive any equity-based compensation.

Directors' fees

Non-executive directors' fees are determined within an aggregate directors' fees pool limit, which is periodically recommended for approval by shareholders. The total pool currently stands at \$550,000 per annum, which was last approved by shareholders in November 2004 with effect from 1 July 2004. The Board determines the allocation of the maximum amount approved by shareholders amongst the respective directors, having regard to their duties and responsibilities. Directors' fees are not directly linked to Company performance nor are bonuses paid to non-executive directors. There is no provision for retirement allowances to be paid to non-executive directors.

For the year ended 30 June 2009 the Board determined that non-executive directors fees be allocated as follows (does not include statutory superannuation contributions):

Chairman (base fee) ⁽ⁱ⁾	\$nil
Non-executive Directors (base fee)	\$72,000
Interstate Non-executive Director (base fee)	\$83,000
Chairman of Audit & Risk Committee (in addition to base fee)	\$12,000
Chairman of Remuneration Committee (in addition to base fee)	\$9,000

⁽ⁱ⁾ The Company has an Executive Chairman who is paid a salary but no separate director fees.

Executive pay

The objective of the Company's executive reward framework is to ensure that rewards properly reflect duties and responsibilities, are competitive in retaining and motivating people of high calibre, and are appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The framework provides a mix of fixed and variable pay, and has three components as follows:

- base pay and benefits, including superannuation ("fixed annual compensation");
- short-term performance incentives; and
- long-term performance incentives.

The combination of these comprises the executive's total compensation. This compensation framework also applies to executive directors.

The total compensation of the Executive Chairman reflects the combination of duties fulfilled as Chairman of the Board and as Managing Director of the Company.

Coventry Group Ltd
Directors' report (continued)
For the year ended 30 June 2009

10. Remuneration report (continued)

10.2 Principles used to determine the nature and amount of compensation (continued)

Fixed annual compensation

Fixed annual compensation is structured as a total employment cost package which is delivered as a mix of cash and prescribed non-cash benefits partly at the executive's discretion. Fixed annual compensation for senior executives is reviewed annually by the Remuneration Committee to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. There are no guaranteed fixed annual compensation increases set in any senior executive's contract.

The non-cash benefits received as part of fixed annual compensation include the provision of a fully maintained motor vehicle and contributions to accumulation based superannuation funds.

Performance linked compensation

Short-term incentives

Short-term cash incentives of up to 25% of fixed annual compensation (35% for the Executive Chairman) are payable to the senior executives upon the achievement of various annual performance targets, which currently include net profit after tax, return on equity, earnings before interest and tax, return on average capital employed (for certain executives on a consolidated basis and for others on a business unit basis) and personal goals. Such targets ensure that incentives are principally paid when value has been created for shareholders and when profit is above the budget. Discretionary bonuses may be paid when authorised by the Remuneration Committee.

Each year the Remuneration Committee considers the appropriate targets and maximum payouts under the short-term incentive plan for recommendation to the Board. Incentive payments may be adjusted up or down by the Board in line with the degree of achievement against target performance levels.

Long-term incentives

Long term incentives are provided to senior management, including key management personnel, through the Executive Long Term Incentive Plan ("ELTIP") which was approved by shareholders at the 2003 annual general meeting.

Under the ELTIP, eligible executives were offered fully paid ordinary shares in the Company up to a value of 25% of fixed annual compensation at the start of the performance period, upon achieving certain performance criteria set by the Board.

At the 2006 Annual General Meeting shareholders approved a renewal of the Managing Director's participation in ELTIP as well as an amendment to the participation level whereby offers of ordinary shares for performance periods commencing on 1 July 2006 would be determined by reference to 35% of his fixed annual compensation.

Offers have been made in respect of the 3 year performance period commencing on 1 July 2006 ("the 2006 Offer").

In September 2007 the Board amended the ELTIP so as to better provide for incentives to executive management by giving them the choice of either an offer of fully paid shares or the issue of options over unissued ordinary shares in the Company.

For the 2009 financial year eligible key management personnel were offered a 50% uplift in their short-term incentive potential in lieu of a long-term incentive under ELTIP. The same short-term incentive criteria and hurdles as outlined in the section above applied. No other long-term incentives were applicable for the reporting period.

In light of uncertainty created by proposed legislative changes and the taxation treatment of employee share schemes, as at the date of this report it is unlikely that any offers will be made pursuant to the ELTIP for the year ending 30 June 2010.

Coventry Group Ltd
Directors' report (continued)
For the year ended 30 June 2009

10. Remuneration report (continued)

10.2 Principles used to determine the nature and amount of compensation (continued)

The performance criteria for the 2006 Offer under the ELTIP are as follows:

- One half of the offered shares will vest to the participant upon the achievement of a threshold earnings per share ("EPS") growth hurdle over the relevant 3 year performance period. The offered shares will be vested in differing amounts depending on the percentage growth in EPS in excess of the threshold level over the 3 year period being cumulative \$1.260 for the 2006 Offer with all of the offered shares under these hurdles vested once an additional 10% growth in EPS over and above the threshold levels has been achieved; and
- One half of the offered shares will vest to participant subject to the achievement of a return on equity ("ROE") hurdle over the relevant 3 year performance period. Under the ROE hurdle all offered shares in the 2006 Offer will be vested if a ROE target of at least 12% is attained as at the end of the 2008/2009 financial year.

The EPS and ROE performance hurdles were chosen to ensure that key management personnel are only rewarded when shareholder wealth is increased.

The Remuneration Committee considers the audited financial results of the Group in assessing the extent to which the performance hurdles have been satisfied.

During the reporting period, the 2006 Offer was assessed against the established performance hurdles. As the minimum criteria for both performance hurdles was not attained, all offers of shares under the 2006 Offer lapsed.

In November 2007, following an amendment to the ELTIP, options over unissued ordinary shares in the Company were granted to the executive directors and key management personnel.

The terms upon which the options were issued are as follows:

- the exercise price of the options is \$3.88, which is the volume weighted average price ("VWAP") at which the shares in the Company traded on the ASX during the 30 day period following the release of the Company's audited accounts for the year ended 30 June 2007 plus 10%;
- the options have a term of 5 years from the date of issue and options not exercised by the end of that period will lapse;
- the options may only be exercised if the price of the Company's shares on ASX (determined by reference to a 5 day VWAP) exceeds certain percentages of growth relevant to the underlying spot price (\$3.65), in particular:
 - (i) one third of the options can be exercised if the 5 day VWAP exceeds the underlying spot price of the options by 15%;
 - (ii) one third of the options can be exercised if the 5 day VWAP exceeds the underlying spot price of the options by 30%; and
 - (iii) one third of the options can be exercised if the 5 day VWAP exceeds the underlying spot price of the options by 45%.

The purpose of the issue of the options is to provide executive management with a strong incentive by aligning their rewards with the return to shareholders measured by the performance of the Company's share price.

Coventry Group Ltd
 Directors' report (continued)
 For the year ended 30 June 2009

10. Remuneration report (continued)

10.2 Principles used to determine the nature and amount of compensation (continued)

Shares vested under the ELTIP will rank equally with all other existing ordinary shares in all respects, including having full dividend and voting rights.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Remuneration Committee have regard to the following measures in respect of the current financial year and the previous four financial years.

	2009	2008	2007	2006	2005
	\$	\$	\$	\$	\$
(Loss)/profit attributable to equity holders of the Company	(1,416,000)	6,522,000	(1,409,000)	9,337,000	16,556,000
Dividends paid	-	-	12,489,000	23,510,000	12,704,000
Change in share price	(1.00)	(2.59)	0.30	(1.60)	0.08

Profit is considered as one of the financial performance targets in setting the short term incentives. The profit amount for year 2005 was calculated in accordance with previous Australian GAAP. The profit/(loss) amounts for years 2006 onwards have been calculated in accordance with Australian equivalents to IFRS (AIFRS). For the 2006 Offer for the long term incentives, return on equity has been used as one of the performance criteria as it is considered to be consistent with growth in shareholder wealth. The other performance criteria assessed for the LTI is growth in earnings per share, which again takes into account the Group's profit.

Coventry Group Ltd
Directors' report (continued)
For the year ended 30 June 2009
10. Remuneration report (continued)
10.3 Details of compensation

The following table provides the details of the nature and amount of elements of compensation for the directors and the key management personnel of the Company and the Group for the year ended 30 June 2009.

Name	Short-term benefits			Post employment benefits	Other long-term benefits	Share-based payment	Termination benefits \$	Total \$	Proportion of compensation performance related %	Value of options as proportion of remuneration %
	Cash salary and fees \$	STI cash bonus \$	Non-monetary benefits \$							
Non-executive Directors										
J Boros	15,273	-	-	73,018	-	-	-	88,291	-	-
JH Nickson	-	-	-	90,470	-	-	-	90,470	-	-
BF Nazer	84,000	-	-	7,560	-	-	-	91,560	-	-
Total	99,273	-	-	171,048	-	-	-	270,321	-	-
Executive Directors										
RB Flynn	735,538	50,000	-	50,000	-	44,400	-	879,938	10.7	5.0
V Scidone	401,097	21,750	27,069	37,048	13,964	(1,745)	-	499,183	4.0	1.7
Total	1,136,635	71,750	27,069	87,048	13,964	42,655	-	1,379,121		

Name	Short-term benefits			Post employment benefits	Other long-term benefits	Share-based payment	Termination benefits \$	Total \$	Proportion of compensation performance related %	Value of options as proportion of remuneration %
	Cash salary and fees \$	STI cash bonus \$	Non-monetary benefits \$	Super-annuation ⁽ⁱ⁾ \$	Long service leave provision \$	Value of ELTIP shares (options & rights) \$				
Other key management personnel										
AP Hockley	226,428	15,315	-	95,105	-	6,704	-	343,552	6.4	2.0
MW Ridley	251,564	15,000	7,295	40,979	-	6,704	-	321,542	6.7	2.1
GN Wilton ⁽ⁱⁱ⁾	84,620	-	-	7,064	-	-	71,346	163,030	-	-
MJ Hurley ⁽ⁱⁱⁱ⁾	171,263	-	-	14,050	-	-	-	185,313	-	-
J Colli	212,644	9,998	14,687	18,083	6,063	(1,933)	-	259,542	3.1	1.3
Total	946,519	40,313	21,982	175,281	6,063	11,475	71,346	1,272,979		
Total compensation key management personnel										
	2,182,427	112,063	49,051	433,377	20,027	54,130	71,346	2,922,421		

Premiums in respect of the Directors' and Officers' insurance policy are not included above, as the policy does not specify the premium paid in respect of individual directors and officers.

⁽ⁱ⁾ Includes statutory superannuation contributions and additional voluntary contributions in some cases.

⁽ⁱⁱ⁾ Resigned 11 September 2008.

⁽ⁱⁱⁱ⁾ Appointed 15 October 2008.

Coventry Group Ltd
Directors' report (continued)
For the year ended 30 June 2009
10. Remuneration report (continued)
10.3 Details of compensation (continued)

The following table provides the details of the nature and amount of elements of compensation for the directors and the key management personnel of the Company and the Group for the year ended 30 June 2008.

Name	Short-term benefits			Post employment benefits	Other long-term benefits	Share-based payment	Termination benefits	Total	Proportion of compensation performance related	Value of options as proportion of remuneration
	Cash salary and fees	STI cash bonus	Non-monetary benefits							
Non-executive Directors										
				Super-annuation	Long service leave provision	Value of ELTIP shares (options & rights)				
				\$	\$	\$	\$	\$	%	%
J Boros	-	-	-	83,658	-	-	-	83,658	-	-
JH Nickson ⁽ⁱⁱ⁾	-	-	-	57,895	-	-	-	57,895	-	-
RM McLean ⁽ⁱⁱⁱ⁾	-	-	-	29,033	-	-	-	29,033	-	-
BF Nazer	82,000	-	-	7,380	-	-	-	89,380	-	-
Total	82,000	-	-	177,966	-	-	-	259,966	-	-
Executive Directors										
RB Flynn	668,752	-	-	50,000	1,606	44,400	-	764,758	5.7	5.7
V Scidone ^(iv)	363,076	(1,865)	27,073	36,528	18,459	13,442	-	456,713	2.5	1.8
Total	1,031,828	(1,865)	27,073	86,528	20,065	57,842	-	1,221,471		

Name	Short-term benefits			Post employment benefits	Other long-term benefits	Share-based payment				
	Cash salary and fees \$	STI cash bonus \$	Non-monetary benefits \$	Super-annuation (i) \$	Long service leave provision \$	Value of ELTIP shares (options & rights) \$	Termination benefits \$	Total \$	Proportion of compensation performance related %	Value of options as proportion of remuneration %
Other key management personnel										
AP Hockley	229,505	-	-	81,790	614	6,704	-	318,613	2.1	2.1
MW Ridley	233,055	-	-	35,012	592	6,704	-	275,363	2.4	2.4
GN Wilton (iv)	222,471	-	-	19,007	247	6,704	-	248,429	2.7	2.7
J Colli	187,854	(957)	8,244	17,165	3,433	5,995	-	221,734	2.3	1.5
PL Todd (vi)	160,942	(517)	-	22,162	-	-	4,744	187,331	-	-
DJ Beisley (vii)	35,182	(1,886)	-	6,004	(790)	-	23,671	62,181	-	-
Total	1,069,009	(3,360)	8,244	181,140	4,096	26,107	28,415	1,313,651		
Total compensation key management personnel										
	2 182,837	(5,225)	35,317	445,634	24,161	83,949	28,415	2,795,088		

Premiums in respect of the Directors' and Officers' insurance policy are not included above, as the policy does not specify the premium paid in respect of individual directors and officers.

(i) Includes statutory superannuation contributions and additional voluntary contributions in some cases.

(ii) Appointed 5 November 2007.

(iii) Resigned 5 November 2007.

(iv) Appointed 22 February 2008.

(v) Appointed 1 November 2007.

(vi) Resigned 30 May 2008.

(vii) Resigned 6 September 2007

Coventry Group Ltd
 Directors' report (continued)
 For the year ended 30 June 2009

10. Remuneration report (continued)

10.4 Value of Shares

The fair value of services received in return for the offers of the ELTIP shares have been calculated at the date of grant using a Black-Scholes model incorporating the factors and assumptions detailed below. The fair value of the services is remeasured, having regard to non-market and service conditions only, at each balance sheet date and at settlement date.

Grant date	Expiry date	Fair value per share	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield
3 October 2006	30 June 2009	\$3.41	\$0.01	\$4.26	23%	5.8%	7.4%

10.5 Analysis of bonuses included in compensation

Details of the vesting profile of the short term incentive bonuses awarded as compensation to each director and other key management personnel of the Company and Group are detailed below:

Short Term Incentive Bonus			
	included in compensation (i)	% vested in year	% forfeited in year (ii)
<i>Executive Directors</i>			
RB Flynn	50,000	17	83
V Scidone	21,750	13	87
<i>Other key management personnel</i>			
AP Hockley	15,315	13	87
MW Ridley	15,000	13	87
GN Wilton	-	-	-
MJ Hurley	-	-	-
J Colli	9,998	13	87

- (i) amounts included in remuneration for the financial year represent the amount that vested in the financial year based on achievement of specified performance criteria. It also includes discretionary payments.
- (ii) the percentages forfeited are due to the performance or service criteria not being met in relation to the current financial year.

10.6 Employment contracts

Compensation and other terms of employment for the Executive Chairman and other key management personnel are formalised in employment contracts. Each contract deals with the provision of fixed annual compensation, short-term incentives, and long-term incentives. Other major provisions of the contracts relating to compensation are set out below:

Coventry Group Ltd
Directors' report (continued)
For the year ended 30 June 2009

10. Remuneration report (continued)

10.6 Employment contracts (continued)

RB Flynn, Executive Chairman

- The contract has no fixed term.
- Fixed annual compensation to be reviewed annually by the Board.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- The contract provides for participation in short-term and long-term incentive plans.
- Other than for an act that may have a serious detrimental effect on the Company, such as wilful disobedience, fraud or misconduct, termination of employment requires 12 months notice by the Company. In the event that the Company no longer requires Mr Flynn to report directly to the Board or if the Company no longer requires Mr Flynn to carry out the normal functions of Managing Director, the Company must pay the equivalent of the fixed annual compensation as a redundancy payment.

V Scidone, Executive Director and Group General Manager – Industrial

- The contract has no fixed term.
- Fixed annual compensation to be reviewed annually by the Remuneration Committee.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans is at the discretion of the Company.
- Other than for serious misconduct, termination of employment requires 6 months notice by the Company. Upon termination, for each year of service in excess of 5 years continuous service, the Company must pay an additional 2 weeks pay, up to a maximum of 26 weeks pay.

AP Hockley, Chief Financial Officer and Company Secretary

- The contract has no fixed term.
- Fixed annual compensation to be reviewed annually by the Remuneration Committee.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans is at the discretion of the Company.
- Other than for serious misconduct, termination of employment requires 12 weeks notice by the Company.

MW Ridley, Chief Information Officer

- The contract has no fixed term.
- Fixed annual compensation to be reviewed annually by the Remuneration Committee.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans is at the discretion of the Company.
- Other than for serious misconduct, termination of employment requires 12 weeks notice by the Company.

GN Wilton, Group General Manager – Automotive (resigned 11 September 2008)

- The contract has no fixed term.
- Fixed annual compensation to be reviewed annually by the Remuneration Committee.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans is at the discretion of the Company.
- Other than for serious misconduct, termination of employment requires 12 weeks notice by the Company.

MJ Hurley, Group General Manager – Automotive (appointed 15 October 2008)

- The contract has no fixed term.
- Fixed annual compensation to be reviewed annually by the Remuneration Committee.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans is at the discretion of the Company.
- Other than for serious misconduct, termination of employment requires 12 weeks notice by the Company.

J Colli, Company Secretary

- The contract has no fixed term.
- Fixed annual compensation to be reviewed annually by the Remuneration Committee.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans is at the discretion of the Company.
- Other than for serious misconduct, termination of employment requires 6 months notice by the Company. Upon termination, for each year of service in excess of 5 years continuous service, the Company must pay an additional 2 weeks pay, up to a maximum of 26 weeks pay.

Coventry Group Ltd
 Directors' report (continued)
 For the year ended 30 June 2009

10. Remuneration report (continued)

10.7 Rights over shares granted as compensation

The movement during the reporting period in the number of rights over ordinary shares in the Company offered as compensation under the ELTIP to directors and other key management personnel of the Company and Group is as follows:

	Held at 1 July 2008	Granted as compensation	Vested during the year	Lapsed during the year ⁽ⁱ⁾	Forfeited during the year	Held at 30 June 2009
<i>Executive Directors</i>						
RB Flynn	-	-	-	-	-	-
V Scidone	22,267	-	-	22,267	-	-
<i>Other key management personnel</i>						
AP Hockley	-	-	-	-	-	-
MW Ridley	-	-	-	-	-	-
GN Wilton	-	-	-	-	-	-
MJ Hurley	-	-	-	-	-	-
J Colli	11,625	-	-	11,625	-	-

⁽ⁱ⁾ 2006 Offer lapsed as none of the performance hurdles were achieved

The grant date, the fair value at grant date and expiry date of the rights over ordinary shares are shown at item 10.4 of the remuneration report.

Coventry Group Ltd
 Directors' report (continued)
 For the year ended 30 June 2009

10. Remuneration report (continued)

10.8 Analysis of rights over shares granted as compensation

Details of the vesting profile of the rights over ordinary shares granted as compensation to each director and other key management personnel of the Company and Group during the reporting period are as follows:

	Rights granted as compensation value at grant date	Value of rights vested	Value of rights lapsed ⁽ⁱ⁾	Value of rights forfeited	Value included as compensation ⁽ⁱⁱ⁾	Total compensation that consists of rights
	\$	\$	\$	\$	\$	%
<i>Executive Directors</i>						
RB Flynn	-	-	-	-	-	-
V Scidone	-	-	75,930	-	-	-
<i>Other key management personnel</i>						
AP Hockley	-	-	-	-	-	-
MW Ridley	-	-	-	-	-	-
GN Wilton	-	-	-	-	-	-
MJ Hurley	-	-	-	-	-	-
J Colli	-	-	39,641	-	-	-

⁽ⁱ⁾ 2006 Offer lapsed as none of the performance hurdles were achieved. Value of \$3.41 per right calculated in accordance with item 10.4 of the remuneration report. The amount recognised in relation to the rights that lapsed during the period is \$10,125 for V Scidone and \$5,285 for J Colli. The amounts accounted in the current period represent the reversal of the cumulative expense recognised in previous financial periods.

⁽ⁱⁱ⁾ rights subject to internal performance hurdles the value included as compensation takes into account the probability of achieving those hurdles as at balance date.

The number of rights over shares to which the above values relate is shown at item 10.7 of the remuneration report.

10.9 Options over shares granted as compensation

Options that have been granted to date are disclosed in note 21 of the full financial report. No options were granted, vested, exercised or lapsed during and since the end of the reporting period. The value of options forfeited during the year ended 30 June 2009 was \$6,704.

Coventry Group Ltd
Directors' report (continued)
For the year ended 30 June 2009

11. Environmental regulation

The Group is not subject to any specific environmental regulation.

The Group mainly operates warehousing and distribution facilities throughout Australia and New Zealand which have general obligations under environmental legislation of the respective statutory authorities in relation to pollution prevention.

During the 2009 financial year the Company reviewed its obligations under the National Greenhouse & Energy Reporting Act 2007 (the Act). As the Group is under the minimum greenhouse and energy thresholds stipulated in the Act, there are no registration and reporting requirements that have to be complied with as at the date of this report.

For the financial year ended 30 June 2009 and as at the date of this report, the Group has not been prosecuted nor incurred any infringement penalty for environmental incidents.

12. Insurance of officers

During the financial year the Company has paid premiums in respect of contracts insuring the directors and officers of the Company against certain liabilities incurred in those capacities. The contracts prohibit further disclosure of the nature of the liabilities and the amounts of the premiums.

13. Corporate governance

The Statement of Corporate Governance Practices as disclosed on pages xx to xx of the Concise Annual Report sets out the Company's main corporate governance practices throughout the financial year and as at the date of this report.

14. Share options

Options granted to directors and key management personnel

Options that have been granted to date are disclosed in note 21 of the full financial report. No options were granted, vested, exercised or lapsed during and since the end of the reporting period.

15. Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties. The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Company's Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out in Note 5 to the financial statements.

Coventry Group Ltd
Directors' report (continued)
For the year ended 30 June 2009

16. Lead auditor's independence declaration

The lead auditor's independence declaration made in accordance with Section 307C of the Corporations Act 2001 is set out on page 78 and forms part of this directors' report.

17. Company secretaries

Mr John Colli was appointed to the position of Company Secretary in November 1998. Mr Colli previously held the role of company secretary for the former listed company Challenge Bank Limited for seven years.

Mr Anthony Hockley was appointed as a joint Company Secretary in November 2008. Mr Hockley has previously served as company secretary for a number of publicly listed companies.

18. Rounding off

The Company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.



R B Flynn
Executive Chairman

Perth
28 August 2009

Directors' declaration

1. In the opinion of the directors of Coventry Group Ltd ("the Company"):
 - (a) the financial statements and notes, and the Remuneration report in the Directors' report, set out on pages 62 to 74, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a);
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations by the executive chairman and chief financial officer for the financial year ended 30 June 2009 pursuant to Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.



R B Flynn
Executive Chairman

Perth
28 August 2009

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Coventry Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the financial year ended 30 June 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



D P McComish
Partner

Perth

28 August 2009

Independent auditor's report to the members of Coventry Group Limited

Report on the financial report

We have audited the accompanying financial report of Coventry Group Limited (the Company), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion the financial report of Coventry Group Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Report on the remuneration report

We have audited the Remuneration Report included in Section 10 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Coventry Group Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.



KPMG



D P McComish
Partner

Perth

28 August 2009